



*Testimony before the Appropriations, Human Services and
Energy and Technology Committees*

September 3, 2015

Good afternoon, Senators Bye, Moore, and Doyle, Representatives Walker, Abercrombie, and Reed, and members of the Committees, my name is Kathleen Brennan and I am the Deputy Commissioner for Programs of the Department of Social Services. I am here before you today to review and seek your approval of the Governor's FFY 2016 Allocation Plan for the Low Income Home Energy Assistance Program (LIHEAP) Block Grant.

I would like to begin by noting that all of us at the department are proud to advocate for the importance and value of Connecticut's energy assistance program in meeting the heating needs of our elders, people with disabilities, families, and children. We are grateful for the continued dedication and commitment of Governor Malloy, the General Assembly, and Office of Policy and Management; our partners in the community action agencies, local volunteer intake sites, 211 United Way, Operation Fuel, Connecticut Legal Services, the numerous participating fuel vendors, and utility companies; and to all the other winter heating assistance stakeholders for their support and assistance with the program. As always, we look forward to working with all partners as we help meet the home-heating needs of the state's most vulnerable households.

I would also like to thank the members of the Low Income Energy Advisory Board (LIEAB) for their cooperation and continued support of the program. I am pleased to inform you that this year's plan incorporates recommendations put forward by that group, and that the plan was endorsed unanimously by LIEAB at their last meeting.

Before I discuss the specifics of this year's plan, I would like to take this opportunity to thank and commend the management and staff at Action for Bridgeport Community Development, Inc. (ABCD), for their continued assistance in ensuring the delivery of LIHEAP benefits to eligible clients in the greater Norwalk and Stamford areas. This past winter season, ABCD served in a stewardship role for this service area, and through their efforts increased the percentage of households served by 9.3% over the prior year.

All of the community action agencies began scheduling appointments and accepting applications on Monday, August 3rd. Immediately following the anticipated adoption of the FFY 2016 allocation plan by these committees of cognizance, households that have been pre-approved will be officially notified of their eligibility. As noted in previous public hearings, we are firmly committed to the early intake process as a way to support overall program efficiency, and will work with our partners to ensure its continued success.

Outreach

Keeping residents informed of energy assistance benefits available to them is a top priority, and is accomplished through a variety of methods. At the state level, we maintain a website with up-to-date information for residents and vendors at www.ct.gov/staywarm, and operate an Energy Assistance Hotline, at 1-800-842-1132. The United Way of Connecticut, through its DSS-funded 2-1-1 toll-free service (alternative phone number for 2-1-1 is 1-800-203-1234), provides program and contact information to callers for energy assistance intake sites throughout the state.

Many community action agencies maintain websites with updated information, as well. Press releases are issued as warranted by participating organizations. Agencies provide outreach to residents through public service announcements, specialized intake events, and media interviews. Public utility companies provide informational flyers in customer bills, and also host utility forums each fall for social service agencies. Meetings with deliverable fuel vendors are also convened annually to keep them apprised of program changes. All of these efforts will be maintained to ensure that the public is aware of the benefits available through this vital program.

LIHEAP Funding Outlook

The total LIHEAP budget last year for Connecticut winter home-heating assistance was \$87.9 million, which was \$8.7 million more than originally anticipated. From this total, the final block grant allocation for last year's program was \$85.8 million. The remainder of the funding was primarily comprised of nearly \$2 million in federal carry-forward funding from FFY 14, and approximately \$200,000 from vendor refunds. With this budget, we were able to meet the heating needs of 99,088 households statewide.

Although the block grant funding amount for LIHEAP this year is yet to be determined, it will likely be funded through Continuing Resolutions. In order to plan for this program year in a timely manner, a total budget of \$89.7 million is assumed. This figure is predicated on the probability that LIHEAP will be level funded based on the FFY 2015 level, minus a 5% sequester budget cut pursuant to the Budget Control Act. Based on this rationale, Connecticut would receive approximately \$81.5 million in FFY 2016 Block Grant funds. In addition, slightly more than \$8 million in FFY 2015 LIHEAP carry-over funds, and \$200,000 in LIHEAP vendor refunds are available. The carry forward amount in this year's plan is significantly higher than the amount included in last year's plan, due to several factors. The final amount of federal block grant funds received for Connecticut was more than originally anticipated, due to the use of an allocation formula that favored the cold weather states. Although a level of safety net benefits was restored during the winter, the combination of a higher block grant amount, the sharp decline in the price of heating oil, and the decrease in the number of eligible cases resulted in the larger carry forward amount. With the available budget, we propose to assist 101,071 households, with generally higher basic benefit levels than last year.

LIHEAP Eligibility

The plan before you streamlines the energy assistance benefit matrix by merging what has been referred to as the Contingency Heating Assistance Program (CHAP), into the Connecticut Energy Assistance Program (CEAP). The population previously referred to as CHAP will now be classified in three new Basic Benefit levels based on household income and vulnerability: Level 4 and Level 5 non-vulnerable, and Level 5 vulnerable. This restructuring of benefits will not only help ensure that lower income and more vulnerable households receive a higher benefit that is more reflective of their energy assistance needs, but will clarify the program design for clients, stakeholders, and other interested parties.

Households that make direct-to-vendor payments for their heat and that are determined to be eligible for assistance will continue to be served with incomes up to 60% of the State Median Income. Also, focus continues to be maintained on vulnerable households, meaning those with members that are either elderly (age 60 and older), with a disability, and/or under the age of 6. Vulnerable households make up two-thirds of the LIHEAP caseload served annually.

LIHEAP Benefits and Services

Basic Benefits

Basic Benefits under CEAP will continue to be determined based on a review of household income, household size, liquid assets, and vulnerability. The lowest-income households will continue to receive the highest Basic Benefits. Basic Benefits will be available for all primary sources of heat. This year's proposed Basic Benefits range from \$240 to \$585, and are detailed on page 8 of the plan.

Please note that this year's plan increases the liquid assets limit by \$5,000, to \$15,000 for homeowners and \$12,000 for all other households that make direct-to-vendor payments for their heat. It has been more than fifteen years since these thresholds have been increased.

Crisis Assistance Benefits

A one-time Crisis Assistance Benefit will be available to all eligible deliverable fuel-heated households that have exhausted their basic benefits and are still in need of assistance.

Deliverable fuel-heated households receiving a Level 1 through Level 4 Basic Benefit award, meaning those households with incomes up to 200% of the federal poverty guidelines will be eligible for a Crisis Assistance Benefit of \$550.

Deliverable fuel-heated households receiving a Level 5 Basic Benefit award, meaning household with incomes over 200% of the federal poverty guidelines up to 60% of the State

Median Income, will be eligible for a Crisis Assistance Benefit of \$250. For eligible Level 5 households, the Basic Benefit and the Crisis Assistance Benefit will be combined to cover the cost of a fuel delivery that exceeds the 100 gallon minimum delivery statutory requirement. It should be noted that based on the latest forecast from the Energy Information Administration, the average retail cost for heating oil in 2016 is expected to be \$2.67 per gallon.

Safety Net Assistance Benefits

Safety Net Assistance Benefits will continue to be provided to address the needs of deliverable fuel-heated households that have exhausted their Basic Benefit and their Crisis Assistance Benefit and are in a life-threatening situation. In an effort to ensure that Safety Net Assistance Benefits are targeted to the most financially challenged households, a risk assessment determination is required. The risk assessment includes a review of the household's monthly income, liquid assets, and expenditures. If it is determined that the household lacks sufficient resources to obtain fuel on their own, an emergency fuel delivery up to \$415 may be authorized.

Vulnerable deliverable fuel-heated households may be eligible to receive up to three Safety Net Assistance Benefits. Non-vulnerable deliverable fuel-heated households may be eligible to receive up to two Safety Net Assistance Benefits.

As was the case in prior years under CHAP, households receiving a Level 5 Basic Benefit award will not qualify for Safety Net Assistance Benefits.

Rental Assistance Benefits

Rental Assistance Benefits are available to those households whose heating costs are included in their rent and whose rent is more than 30% of their gross income. This year's proposed Rental Assistance Benefits range from \$100 to \$120, and are detailed on pages 8 and 9 of the plan.

Heating System Repair and Replacement

This year's plan restores a section entitled Conservation Services on page 11, and includes a provision to set-aside \$1,500,000 to provide repairs or replacement of heating systems for single family, owner-occupied dwellings that are determined to be unsafe or inoperable. These funds will be available to eligible homeowners that receive a Level 1 through Level 4 Basic Benefit. Vulnerable households will be prioritized over non-vulnerable households. Heating system components replaced with this funding will comply with Energy Star standards established by the U.S. Department of Energy.

Related to this provision, community action agencies will not issue an authorization for a fuel delivery in cases where heating systems, including leaking fuel tanks, have been deemed unsafe or inoperable by a certified vendor.

LIHEAP SNAP Benefits

In the FFY 2016 plan, we are proposing to allocate \$2.2 million of the LIHEAP budget to continue to provide a \$20.01 annual LIHEAP benefit to Supplemental Nutrition Assistance Program (SNAP) recipients whose heat is included in their rent and whose rent is less than 30% of their income. The provision of this benefit will enable up to 110,000 households to have their SNAP eligibility recalculated, utilizing the maximum Standard Utility Allowance. This expenditure is expected to leverage more than \$66.5 million back into the state. This budget component is also supported by the Low Income Energy Advisory Board.

Continuation of the Fixed Margin Pricing Program

The Fixed Margin Pricing Program will reimburse oil vendors at a margin of 33 cents per gallon, plus a county differential, for deliveries of low sulfur distillate heating oil, which is an increase of 2 cents per gallon over last year. The county differentials included in this plan will continue to range from 3.3 cents to 11.5 cents per gallon.

This past program year, 12.3 million gallons of oil were purchased on behalf of energy assistance households. The Fixed Margin Pricing Program saved an average of 27.5 cents per gallon, for a total savings of \$3.83 million over regular retail prices.

Conclusion

I would again like to offer thanks to our partners for their important role with the energy assistance program. We could not maintain the program's success without the cooperation and assistance of our many partners. I would also like to acknowledge the vital contributions of the extensive network of volunteer intake sites, municipal agents, and senior centers, whose efforts are so essential to the ongoing success of the program.

In closing, I join the Governor and OPM in recommending the FFY 2016 Allocation Plan for the LIHEAP Block Grant as the best possible means of meeting the immediate heating needs of Connecticut's most vulnerable households. I therefore seek your approval of the LIHEAP Allocation Plan.

Thank you. I would be happy to answer any questions you may have.